

JOE WARDY  
MAYOR



## CITY COUNCIL

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DISTRICT NO. 1

ROBERT A. CUSHING, JR.  
DISTRICT NO. 2

JOSE ALEXANDRO LOZANO  
DISTRICT NO. 3

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DISTRICT NO. 4

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DISTRICT NO. 5

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DISTRICT NO. 6

VIVIAN ROJAS  
DISTRICT NO. 7

ANTHONY W. COBOS  
DISTRICT NO. 8

SPECIAL CITY COUNCIL MEETING  
COUNCIL CHAMBERS  
JUNE 16, 2004  
5:00 P.M.

The City Council met at the above place and date at approximately 5:14 p.m. Mayor Joe Wardy present and presiding and the following Council Members answered roll call: Susan Austin, Robert A. Cushing, Jr., Jose Alexandro Lozano, Daniel S. Power, and Anthony Cobos. Absent: None. Late arrivals: John F. Cook, Paul J. Escobar, and Vivian Rojas.

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### AGENDA

1. Discussion on the arena proposal made by Global/Cypress team.
2. Discussion on other arena proposals.
3. The City Council of the City of El Paso will retire into **EXECUTIVE SESSION** pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Chapter 551, Subchapter D, to discuss and take action on any of the following: (The items listed below are matters of the sort routinely discussed in Executive Session, but the City Council of the City of El Paso may move to Executive Session any of the items on this agenda, consistent with the terms of the Open Meetings Act.)

Section 551.071 CONSULTATION WITH ATTORNEY  
Section 551.072 DELIBERATION REGARDING REAL PROPERTY  
Section 551.073 DELIBERATION REGARDING PROSPECTIVE GIFTS  
Section 551.074 PERSONNEL MATTERS  
Section 551.076 DELIBERATION REGARDING SECURITY DEVICES  
Section 551.087 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS

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Item 1: Discussion on the arena proposal made by Global/Cypress team.

Mr. Todd Minnis, Director of Acquisitions, Cypress Equities, provided the Council Members documents, a letter and backup information, (on file in the City Clerk's office) and explained the company's eagerness to move forward. He answered questions from and responded to comments made by the Council Members.

Representative Austin referred to a letter Mayor Wardy had sent Cypress Equities and requested Mr. Minnis elaborate on the ten points listed in that letter. She questioned how the lease would be signed, considering the number of partners, and whether or not the partnership was unique to this project. She asked Mr. Minnis to go down the ten points in the Mayor's letter and to provide answers.

Mayor Wardy questioned Mr. Minnis as to where the Cypress Equities financial statement was located in the backup information. He explained that he would be asking every group presenting proposals to submit information in accordance with a template. Representative Austin asked that the preliminary template of the ten questions be shared with the audience. It was displayed on the overhead projector.

Mr. Minnis discussed privacy concerns regarding the publication of the company's financial statement. He responded to Representative Austin, stating the partnership would be unique, but could apply to other projects such as in Rio Rancho, New Mexico. He read into the record the responses of Cypress Equities to the Mayor's questions in his letter and spoke about The Johnson Consulting Report and attendance records. He concluded that the attendance records for minor league sporting venues do not support a 12,000 seat arena.

Representative Power questioned the ability of Cypress Equities to meet their own attendance projections and why the company would forego leaseable retail area for arena space. He questioned how Cypress intended to keep the new facility from going stale.

Mr. Brad Trevling, Global Cypress team, responded to Representative Power's comment regarding forgoing leaseable area for retail and noted that the newness of the facility would attract first time hockey fans, creating an excitement that could spill over to other venues.

Mayor Wardy requested that the Global Cypress team expand their discussion beyond utilizing the facility for hockey events and noted that the El Paso Buzzards hockey team never enjoyed financial success.

Mr. Minnis answered that the arena is a viable business addition to Bassett Center. Additionally, the private/public partnership, represented by the arena project, would provide Global Cypress credibility within the communities they market in, enhancing their business profile.

Representative Lozano spoke in favor of the Global Cypress investment and mentioned that the City and County had proven to be unable to operate the Civic and Convention centers. He stated that it appealed to him that Global Cypress would operate the arena facility.

Representative Power questioned whether or not Global Cypress would commit to operating the arena facility for 30 years and guarantee that the City need not put monies into the operation of the facility.

Mr. Minnis responded that they were proposing a 20-year lease and they were guaranteeing the City against an operating revenue shortfall. He also explained that if the roof leaked, it would be their responsibility to fix it, not the City's responsibility.

Representative Cushing pointed out that The Staubach Company, Cypress and Global Equities were not publicly traded companies. He asked Mr. Minnis if they would agree to a 30-year lease. He questioned Mr. Minnis regarding a previous traffic study.

Mr. Minnis deferred to Mr. Tim Knight, a member of their team.

Mr. Tim Knight, civil engineer/land development expert, responded to Representative Cushing that WHM Transportation Engineers, in addition to a local engineer, had conducted a traffic study and met with TxDOT to discuss the traffic study. He explained that the traffic study included traffic egress, travel times, and access to the arena facility.

Representative Cushing if improvements would be part of a bond issue or paid for by the Global Cypress group. Mr. Minnis explained that Global Cypress had included the cost of the traffic ramps in their proposal.

Representative Cushing questioned the size of the arena, cost of construction and whether or not the arena would be expensive.

Mr. Treliving defined the arena as “a Cadillac” with 9,000 seats and quality amenities.

Representative Austin commented on how unusual it was for an arena to go into a highly developed area. She stated that the economic incentive motivating factor was a key factor in increasing property values and vitalizing economic activity. She questioned how Cypress saw that happening in the area around Bassett Center.

Mr. Minnis spoke about transforming Bassett Center into a unique retail experience, such as what was contemplated for Towne Centre. He added that transition time would be necessary. He explained that the Dallas arena at their downtown site had not changed people’s shopping and restaurant patterns and noted that if an arena were booked for 165 nights, 200 nights of the year would leave the arena with no activity. He touted the excellent central location of Bassett Center.

Representative Austin asked him to explain the dynamic of how restaurants around Bassett Center would play into the arena traffic and how those businesses would connect as economic partners.

Representative Rojas asked about the unique feature of the proposal as a mall/arena. She asked what benchmark Global Cypress had used on which to base their economic projections since there is no comparable mall/arena venture.

Mayor Wardy stated that the City would “get one bite at the apple” for an arena which explained why caution and more discussion regarding the size of the venue are necessary.

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Item 2: Discussion on other arena proposals.

Mr. Ramiro Guzman, Union Plaza Partnership, gave background information on the partners and explained that Union Plaza Partnership had been in existence since 2000 in response to an RFQ for an arena sent out by the County of El Paso for an arena project.

Mr. Ray Garfield, Garfield Traub Development, explained that his firm was selected by the County on a non-site specific proposal and gave a Powerpoint presentation (on file in the City Clerk’s office). He cited their partnership strengths and experience.

Representatives Austin and Cushing questioned Mr. Garfield regarding the project’s debt ratio and the amount of bonds to be issued at the Santa Clara County development. Representative Cushing questioned Mr. Garfield on what private financial investment the Union Plaza/Downtown Arena group would make in their project. Mr. Garfield responded that their group’s investment would be one of time invested.

Representative Cushing contrasted Mr. Garfield’s absence of financial commitment with what the Global Cypress group had pledged. Mr. Garfield responded that his group could not be expected to invest financially in property downtown which they do not own, whereas Cypress does own their property at Bassett Center. Mr. Garfield commented on the per capita incomes between Santa Clara and El Paso County and El Paso County and Durham County. Santa Clara and Durham Counties are sites of other arenas operated by Union Plaza team partners.

Representative Cushing summarized that the Union Plaza/Downtown Arena Project would not invest financially in the proposal but would work on a fee basis, charging the City of El Paso.

Representative Austin questioned whether or not the County requested \$10,000,000 in private investments as part of their arena RFQ/RFP.

Mr. Mervyn Moore, architect for the Union Plaza team, commented that Union Plaza group had been selected without requiring a site to be designated. He stated that the \$10,000,000 was not a component in the County's RFQ. He continued with the Powerpoint presentation.

Representative Cushing questioned Mr. Moore regarding traffic study(ies), improving existing roads and about available parking downtown after 5:00 p.m.

Mr. Moore explained access to their proposed arena site and available parking sites in the area after 5:00 p.m. He commented on the site's major access to pedestrian traffic from Juarez. He informed the Council that the Union Plaza team had met with U. S. Representative Silvestre Reyes to discuss steps to make pedestrian access easier to the area.

Representative Power questioned Mr. Moore regarding estimated costs to the City to purchase land from current property owners and whether or not preliminary agreements existed. He cited that eminent domain must be considered.

Mr. Moore responded that the estimated cost would be \$8 to \$10 million to purchase \$5 million of Central Appraisal District appraised property at the proposed site area. He stated that land acquisition and construction of the area would be accomplished within the \$70 million proposed budget.

Representative Power commented that the Union Plaza proposal seemed speculative to him and he was troubled that the Union Plaza Group had not sat down with the property owners and fleshed out an agreement of some type.

Mr. Moore explained that their partner, Garfield Traub, was a leader in executing land acquisition agreements, without employing eminent domain.

Representative Cushing asked Mr. Moore questions regarding expanding the Union Plaza Transit Terminal.

Mr. Bill Blaziek, General Manager, El Paso Convention and Visitors Bureau and El Paso Convention and Performing Arts Center, apologized for any misconception he had given last week about the ability to add 4 to 5 floors to the Union Plaza Transit Terminal. He explained the intention of the group was to entertain visitors to El Paso on several levels downtown. He commented on the synergy of venues regarding the Plaza Theater, an arena, the attraction of a new hotel development, and the Civic and Convention Centers. He cautioned the Council to refrain from thinking about the arena as a site for single venue types, such as hockey, but to utilize an arena for a host of activities ranging from opera to sports to monster truck pulls. He then "continued to sail his fantasy ship" regarding the positive scenarios a downtown arena could spawn.

Representative Cushing questioned Mr. Blaziek regarding the number of days the Civic Center is in use and the number of days it is not in use. Mr. Blaziek responded the Civic Center and Abraham Chavez Theater are in use 465 event days. He explained that each event counted as one day, with one or more events scheduled some days, accounting for the 465 event day figure. He noted that SMG had doubled revenue in 5 years for the Civic Center/CVB.

Representative Power explained that he was a long time supporter of the downtown site, but was concerned about the speculative state of the Union Plaza proposal. He reiterated that the proposal needed to be fleshed out.

Representative Cobos mentioned that Messrs. Bruce Gulbas and Ted Richardson, downtown property owners, had been in contact with him and were optimistic about a downtown arena project. He questioned Mr. Moore regarding budgeting for additional parking spaces.

Mr. Moore responded that additional parking for VIPs and for the disabled is included in their proposal.

Representative Cobos noted that the Bassett Center proposal had the City spending \$20 million for a parking garage.

Representative Cook questioned whether or not the Legal Department had provided an answer regarding multiple choice bond propositions.

Mr. Norman Gordon, bond counsel, responded multiple choice bond proposals on the ballot were not legal. He informed Mayor and Council he would have to research other variations of the proposed ballot and that it would be necessary to get Department of Justice approval on any ballot format.

Representative Cushing questioned Mr. Moore regarding acreage and the discrepancy between the 7.8 acres his office had calculated for the area and the 16 acres Mr. Moore had cited. He also questioned whether or not the Union Plaza Group expected the City to give City property as 10% of the 7.8 acres

Mr. Moore responded yes, 10% of the proposed site would be the City's property and he corrected the proposed acreage.

Representative Austin questioned Mr. Moore as to whether or not a parking garage could be built underneath the arena, as a humorous way of pointing out the need for adequate parking, close at hand.

Mr. Moore explained that Union Plaza Project would maintain the existing thoroughfares providing direct access to the arena; additionally, the proposed street closures would not present an access problem downtown. Surface parking lots, street parking, Civic Center parking and Union Transit terminal parking all would be utilized.

Representative Austin questioned how the arena would benefit the Union Plaza area economically and what role would the Union Plaza play in stimulating revitalization.

Mr. Moore responded that trolleys would move passengers through 30 - 40 blocks of downtown properties that should benefit from the new traffic flow.

Representative Power questioned why the Downtown Management Association had not applied for revenue bonds themselves to fund a downtown arena rather than coming to the City to seek funding.

Mr. Garfield responded that the Union Plaza Project Group was willing to guarantee the same deal as Global/Cypress regarding the operating expenses.

Ms. Laura Rayborn, Laura's Production, Miss Texas U.S.A., member of the public, spoke about safety issues in the downtown area and her experience parking at night downtown. She spoke in favor of the central location of Bassett Center due to 75% of hotels and restaurants being within a 2 mile area. She cited her business relations with various sport teams and beauty pageants. She also commented on the parking capacity at the Civic Center and how it has failed to satisfy the demand during her productions for major beauty pageant events.

Mr. Mike Rooney, citizen, thanked the Council for their questions tonight and articulated many questions regarding the following matters: charge backs, attendance figures, and the price for related venues in other communities.

Mr. Michael E. Breiting, Executive Director, El Paso Central Business Association and El Paso Downtown Management District, cited El Paso as the 2<sup>nd</sup> safest City and commented on the Downtown Management District's (DMD) ability to sell revenue bonds. He spoke on the new downtown appraisal values. He speculated that the DMD may be able to assist with funding for property acquisition.

Representative Cushing questioned Mr. Breiting about the relationship and impact of an arena on the existing customer base downtown. Mr. Breiting responded that opportunities to raise the level of retail and entertainment while maintaining the existing retail customer base would allow both new and existing businesses to prosper on adjacent streets.

Representative Cobos questioned Mr. Breiting regarding the Central Appraisal District's downtown property appraisal and the removal of \$5 million in property values from the tax roles as represented by the Union Transit proposal. Mr. Breiting cited the arena as the linchpin in downtown improvement.

Representative Power questioned why the DMD was prevented from pursuing revenue bonds. Mr. Breiting responded that he would research the answer. Rep. Cobos commented that the DMD does not have a revenue stream sufficient to guarantee revenue bonds.

Mr. Steve Helbing, President, Wells Fargo Bank, explained that he has property in both the downtown and Bassett Center areas. He praised the investment in Bassett Center by the Global/Cypress group, but he identified downtown as the best place for the arena. He explained financial issues involving industrial revenue bonds and stated that the DMD was not in a position financially to secure revenue bonds.

Mr. Tanny Berg, El Paso Central Business Association, asked that the Council question "Will downtown exist without an arena?" He requested that the arena serve as a unique identifier downtown that will be a source of pride for El Pasoans.

Mr. Sam Legate, downtown property owner, commented that Mr. Minnis' explanation of the strength of the Bassett Center's proposal rested only on the newness of the facility as an attraction. Ms. Legate claimed the benefits of that proposal would benefit only the Global/Cypress group. He expressed his support of the downtown site as the better site to benefit many groups.


Mr. David Dobson, Director of Economic Development, advised that the Council give the issue more time for analysis by staff.

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Motion made by Representative Cushing, seconded by Representative Cook and unanimously carried to adjourn this meeting at 8:21 p.m.

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APPROVED AS TO CONTENT:

  
Richarda Duffy Momsen, City Clerk